

RATIONAL USAGE OF NATURAL RESOURCES – A PRIORITY STRATEGY OF THE ROMANIAN ECONOMY

Alexandru, Puiu¹

Natural resources represent one of the fundamental conditions for economic development and even for existence and perpetuation of life on our planet. Moreover, the uneven distribution of these resources on the territory of our planet has led, over the long history of humankind, on the one hand, to the development of international trade and, in connection therewith, to the development and modernization of transport, first maritime and subsequently land and air transport, as well as to a remarkable flowering of civilizations. It is precisely because of these factors that the first ancient civilizations emerged and developed, around the Mediterranean Sea, at peoples such as the Phoenicians, the Egyptians, the Greeks, the Carthaginians, the Romans, etc. On the other hand, the uneven distribution of natural resources has been and unfortunately remains a source of international events of domination by brutal means, such as wars, by provoking phenomena of political instability in the countries rich in resources, but at the stage of political and economic underdevelopment or by means of the finest neo-colonial domination, such as the situation of our country today.

Considering natural resources, Romania is unique in the world. In making this appreciation, I observe that, on a relatively reduced area of 238,391 square kilometers, there is a diverse and harmoniously proportionate relief, and the soil and subsoil have a tremendous variety of natural resources. The main feature of the landscape is the proportionality (31% mountains, 36% hills and plateaus, 33% plains and meadows) and the concentric arrangement of the major levels of relief.

The subsoil of our country contained and, to some extent continues to have today, a variety of natural resources unparalleled in Europe, on a limited area: oil, natural gas, coal, iron ore, numerous non-ferrous ores, including some high-value minerals such as gold, silver, platinum, uranium, and other relatively rare and valuable as copper, wolfram etc.

Romania is the richest country in Europe with the water resources of all kinds: mineral, thermal, curative, drinking waters etc.

In what the soil is regarded, our country holds one of the first places in Europe in terms of extent and fertility of agricultural and arable lands, and the existence of land suitable for development of fruit growing, viticulture, and not least the existence of relatively stretched surfaces of forests with valuable species suitable to industrial processing.

The exploitation of resources in our country dates back to ancient times. For example, almost 2,000 years ago, the Roman Empire conquered Dacia for its rich resources; the famous gold reserves in Roşia Montană represent an eloquent evidence of the exploitation of those remote times.

It should be noted that geological surveys made to discover the structure of the subsoil have existed in Romania for nearly a century and a half. They were started in the Universities of Bucharest and Iaşi and developed, especially after the set up of the *Geological Bureau (1882)* and then the *Geological Institute of Romania (1906)*.

Institutional development and the technique of research and exploration took place throughout the XXth century. Unfortunately, as it happened in other areas, for complex

¹ PhD Professor

reasons that it is not appropriate to analyze here, the Romanian technique has backlogs, especially regarding deep soil research and marine subsoil research.

I would like to emphasize that, as early as the nineteenth century, a series of progressive economists campaigned for the identification and exploitation of natural resources of our country. For example, *P.S. Aurelian* paid great attention to the recovery of both agricultural and non-agricultural raw materials. Since 1860, only one year after the creation of the Romanian Unitary State, he raised the question of making a careful inventory of mineral wealth, proposing to draw up a “geological charter”.

These concerns for the inventory of natural resources had a sustained development in the ‘30s of the twentieth century and resulted in a work of immense proportions elaborated by large multidisciplinary collectives coordinated by the National Bank Governor, economist *Mitiță Constantinescu*, who devoted a significant part of his life to research and suggest the industrialization of the country’s natural resources. The paper printed in five volumes was called "*Contributions to the issue of raw materials in Romania*" and was one of the rare works of that time at global level. In the same period they established a more accentuated industrialization of Romania, a process which was unfortunately interrupted by the Second World War.

During the communist regime after a certain liberation against the Soviet domination and the shift to national politics, since the 60s have increased the concerns for research, exploration, exploitation and processing the country’s natural resources.

These investigations were undertaken, especially in the institutes of technical and economic research as well as in the Economic Research Institute of the Romanian Academy. In this latter institute, I personally dealt over three or four years to research the issue of natural resources in our country as well as some global trends. The research included the following levels:

- Putting in value the objectivity of the Romanian economic thinking with the formation of the Romanian state until the time of this research;
- Analysis of the evolution of research, exploration, exploitation and processing of natural resources in the same period;
- The need for superior capitalization of natural resources by processing raw materials to obtain values and use some competitive values nationally and internationally;
- Highlighting the danger of depletion of natural resources both nationally and in some cases worldwide, a fact noted a few years before strong signals that were given, in this respect, by the Club of Rome.

The synthesis of this research was recovered by publishing various articles in the periodicals of the time and of the work "*Superior capitalization of natural resources*", which appeared in 1969, published by the Romanian Academy and by the contribution brought to the elaboration of the 1966-1970 five-year plan which, despite the amendments to the SPC leadership, remains the most liberal five-year plan in the history of the Romanian socialist economy. Unfortunately, the effects of major efforts made in the respective period for better use of natural resources were not as effective as anticipated due to the following aspects:

- The forced industrialization of the country, with too much emphasis on the industry of metalworking and chemical industries, given that, in the first, there were obtained only partial quality products, and the two stopped working at semi-finished stages;
- Insufficient development of national scientific research, which hindered the promotion of scientific and technical progress of the Romanian economy;
- Passing to the 80s of the last century to a tough austerity which weakened the overall interest of the people to increase the quality and productivity of work, austerity promoted to abolish in a short period of foreign debt.

The fall of socialism in December 1989 brought the much-needed democratic freedoms for the Romanian people, and at least for some of us hope and rational capitalization of the potential of natural and human resources of our country. As known, the results are far from those expected, and the causes are many and complex. Since the early weeks of 1990 the new leadership of the state has shown disregard for the modernization of Romanian economy, the Prime Minister of the time, Petre Roman saying that Romania's industry is "*a pile of scrap metal.*" Things were probably partly like this, but in the end the respective appreciation proved to be prophetic, most of the Romanian industry being liquidated after some dubious privatizations in the form of scrap metal. Obscure forces frontally attacked large Romanian enterprises, which were considered to be "*Ceausescu's pyramids*", although most of them were under the optimum size in the existing field worldwide. For example, the car factory Dacia Pitești, whose yearly production was under 50% compared to the needed minimum in that field of activity to be competitive and efficient, was divided into seven factories, which certainly led to bankruptcy, but the factory was saved by attracting French capital that achieved modernization and development. More than 1,500 large manufacturing factories were liquidated although there were capitalized natural resources and imported raw materials at medium or higher level.

The National Bank and the entire banking system existing in our country has strongly hit the exploitation of natural resources and all human and material resources of the country by holding for approximately a decade the highest interests, not only in Europe but also in the world, interests which, in a paper drafted and published in the early 2000s, were regarded as "*usurious*" and therefore specific to other historical eras. It was natural that Romanian businesses in these circumstances would be taken to the brink of bankruptcy. This banking strategy is all the more reprehensible, since it has not been encountered in any of the former communist countries, except Bulgaria, but the high interest rates charged were practiced for only two years, not nearly a decade. Subsequently, the level of interest was reduced, but the damage was done as it substantially contributed to the liquidation of most large and medium Romanian enterprises.

They destroyed or looted other businesses or levers meant to exploit certain resources of the country. Thus, confusing economy with ideology, agricultural cooperatives were liquidated; they destroyed nearly every installation of irrigation and reclamation of soil, posing a severe blow to agriculture, which is a main branch of the Romanian economy.

Romania's economy in terms of the degree to which their products meet the country's household consumption was partly dated back almost 150 years ago. In this regard, allow me to come back to a quote that the economist P.S. Aurelian introduced it in 1885: "*... Our craftsmen have become laborers; factories were closed and any attempt to establish any industry falls under the impact of competition from outside. Today we dress from head to toe from our neighbors, we procure even the most trivial objects and to complete derision they send us flour, wine, butter, potatoes, different fruits. Little do we need to see that our country has been taken on economic lease.*"

A brief analysis shows that the consumption of food and non-food products in most of them is imported. Foreign trade balance, overall, has a large deficit, especially with regard to processed products where added value is concentrated and hence contributes to increase the national wealth, as well as some semi-finished products or of primary processing. Thus, industries with long and valuable traditions in our industry such as spinning, fabrics, tannery, processing industries respectively the garment and the footwear industry disappeared or modified their size and were exaggeratedly concentrated on processing in lohn using imported raw materials and auxiliary materials.

Therefore, today we unfortunately find ourselves for the umpteenth time in our history, in a position to always get a new start.

It examines the possibility of increasing investments to create new, modern equipment for the irrigation of the soil, which is absolutely necessary for the development of agricultural production, so that it ensures the smooth internal consumption and some significant availability for export, being similar terms in the fertilizer industry. Yet timid voices are felt in the literature about the need of reindustrializing the country.

The Romanian state must have a more firm and clear attitude on the country's natural resources by intensifying the financial and human efforts in order to maintain ownership of these resources and to capitalize them for the national interest by attracting foreign capital in exploiting these resources when we cannot achieve this goal by our own forces in the conditions of negotiation to obtain appropriate royalties situated at the level of those practiced worldwide.

There are continuous concerns that remain necessary to improve legislation and, especially, to strengthen the control on resource exploitation to stop the process of forest exploitation etc.

The problems of exploitation of natural resources in our country undoubtedly involves complex issues of scientific political, economic research, as well as technical and technological development, management training that cannot be briefly analyzed even in a statement. I think it would be necessary to have again some national multidisciplinary teams so that engineers, economists, lawyers, sociologists could elaborate in a reasonable time some extensive studies that represent the basis of the state policy and strategies as well as strategies for the state and private capital regarding the development of our national economy. In developing such strategies, we should keep in mind the way in which the country's natural resources are exploited, aiming for quality of life, both for the present and for the future generations.